



PROVINCE OF MANITOBA

MANITOBA .

Provincial Library

CLASSIFICATION

HE - 10

RBC



Box 1
160

6041
16
PROVINCIAL
LIBRARY
MANITOBA

BOARD OF OFFICERS.

President.

WILLIAM W. SPALDING

DULUTH, MINN.

Secretary.

H. J. BOARDMAN

BOSTON.

Treasurer.

~~ARTHUR W. TUPPS~~
J. C. Blanchard

BOSTON.

Directors.

WILLIAM W. SPALDING

DULUTH, MINN.

~~CHARLES M. MURPHY~~

NEW HAMPSHIRE.

E. B. FEINER

BOSTON.

E. D. WHITCOMB

BOSTON.

~~ARTHUR W. TUPPS~~

BOSTON.

JOHN D. MORTON

BOSTON.

WILLIAM G. FULLER

BOSTON.

J. C. Blanchard
Geo. Heinemann

THE DULUTH AND WINNIPEG RAILROAD.


The Duluth & Winnipeg Railroad, ~~now in process of construction by the Duluth & Winnipeg Railroad Company,~~ organized under the laws of Minnesota, extends from Duluth, at the head of Lake Superior, in Minnesota, to a point on the international boundary line between Minnesota and Manitoba, and near the Red River of the North, a distance of 250 ²²⁰ miles. Its route lies north-westerly from Duluth, through the heavy pinelands of the St. Louis river and its tributaries, which, when cleared, produce the finest wheat in the State.

After passing the Upper Mississippi and Red Lake, the latter body of water affording a natural booming ground for the timber fringing its borders, the road continues through a fine agricultural region of great fertility.

At the international boundary line this road connects with a Canadian line to Winnipeg, thus affording the shortest outlet for the products of the Manitoba and great north-western wheat fields to the head of lake navigation, and, when navigation is closed, the shortest route over the main trunk lines to the eastern seaports.

From Duluth, for a distance of a hundred miles, the road runs through fine and heavy timber lands, and for the remainder of the route through an excellent agricultural country, the latter extending over millions of acres, immediately beyond the terminus of this line. As this agricultural tract is almost entirely without timber, which product abounds on the eastern division, a staple business is insured to the road in both directions from the outset, since the grain must be carried east and the timber west.

The distance from Winnipeg to water navigation is 150 miles shorter by this line than by the Canada Pacific, and 168 miles shorter than by way of the St. Paul, Minneapolis

and Manitoba, and Northern Pacific. When navigation is closed (six months in the year) the distance from Winnipeg to Montreal and the East, by the Duluth & Winnipeg Railroad, is 450 miles shorter than by the Canada Pacific; and between 400 and 500 miles less over this route than by that from Winnipeg to the East, by the way of Chicago. 

Connections.

The Duluth & Winnipeg Railroad connects at the international boundary line, near the city of Emerson, in the Province of Manitoba, with the Winnipeg & South-eastern Railroad, a line of railroad running from the city of Winnipeg south-eastward to the international boundary line, being the extension of the Winnipeg, Westbourn & North-western Railroad, and running from the city of Winnipeg *via* Westbourn through Assiniboine valley, a section of country long settled and of great fertility. At Emerson it will connect with the Emerson & North-western Railroad, running from the city of Emerson in a north-westerly direction, through the extensive Mennonite settlements. These connections give the people of the most thickly settled portions of Manitoba, as well as the principal cities and towns of the Province of Manitoba, a direct route of transportation to the head of the lake, and to the Canadian and Atlantic seaports. At the head of Lake Superior the road will connect with a through line of road to the Straits of Mackinaw and Sault St. Marie; and also with the Chicago and Superior road to Chicago. At Duluth it will also connect with all the lines of steamers to lake and Canadian ports, thus giving the shortest line of transportation, as well as the cheapest and most direct route from the great North-west to Baltimore, Philadelphia, New York, and Boston, and to Montreal, Quebec, and other Canadian ports.

The Country Filling Up.

In the matter of emigration to the new lands of the North-west the statistics are most surprising. During the year 1880 the number of emigrants arriving in Boston, from European countries was more than three times as great as during the year previous (1879), and for the present year emigrant statistics show ~~that~~ increase in all directions. Last year the Michigan Central Railroad alone carried 79,052 emigrants into Chicago, on their way to the West and North-west, and the present year has carried 100,000. This road has carried as many as 11,000 emigrants in a single month. Of these a very large proportion were Canadians on their way to Manitoba, satisfied that they can do much better there than in the Dominion, as the very best reports are received from Canadian emigrants who have settled there during the past two or three years. England and Scotland also furnish thousands of emigrants for this section of country, and the number increases yearly in a surprising ratio. British agents are continually in the field at the North-west, and arrangements are now most complete for sending the emigrants, individually and in colonies, direct to Manitoba or the Red River country. The rapidity with which these portions of the country are being settled is marvellous.

Financial Aspects.

In order to carry out the building of the Duluth and Winnipeg Railroad, the company has, in addition to the other funds provided for the purpose, issued \$5,000,000 bonds to run thirty years, bearing interest at six per cent. per annum, payable in May and November. This issue is a first-mortgage bond. The mortgage conveys to the trustee all lands, franchises, rolling stock, and other property acquired and to be acquired by the company. In addition ~~to~~ the security thus furnished by a first-mortgage bond on a railroad, the natural and inevitable merits of which are

self-evident, the investor in bonds of the Duluth and Winnipeg Railroad has additional security in the shape of ~~1,000,000~~ ^{2,04} acres of land,—granted to the company by the State of Minnesota,—which are covered by the mortgage, thus giving his investment the double advantage of a railroad bond and a first mortgage on real estate. In addition to the above the company has also issued \$2,000,000 Second Mortgage Income bonds. The Trustee of both mortgages is the Central Trust Company of New York.

Advantages of its Fields.

The fertility of the far-famed valley of the Red River of the North, and the well-known productiveness of the immense wheat-growing regions of Manitoba, and the Saskatchewan valley are incontrovertible facts and too well known to need mention. The climate is one of the finest in the world. The dryness of the atmosphere, freedom from malaria, and comparative light falls of snow, render it particularly desirable, and, together with the richness of its soil, forms the reasonable inducement which is now attracting emigration in such vast numbers to this section. The flourishing and rapidly growing city of Duluth, with its commanding position at the head of Lake Superior, forms a most natural and advantageous position for the south-eastern terminus of the road, while the rapidly settling regions of the Red-river valley and Manitoba, with the enterprising city of Winnipeg, constitutes a most desirable and profitable connection. This is the more readily comprehended when the vast lumber products of Duluth are taken into consideration, together with the fact that the market for these products is altogether in Manitoba and Red-river valley, thus insuring to the road full freight in each direction,—grain from the West, lumber from the East. From careful estimates, prepared by parties competent of judging, it is calculated that the earnings of the road the first year will be \$1,250,000, thus amply assuring prompt payment of \$300,000, the required income necessary to meet the annual payments of 6 per cent. interest on its bonded debt of \$5,000,000.

The Field for Business.

Since 1862 the building of railways has been prosecuted with astonishing rapidity in Minnesota. In 1861 the State had but 9 miles of railroad; in 1868, 572 miles, and at the beginning of the present year (1881) it had 3,108 miles of finished railway. Wherever in the State railroads have extended, the settlements have been rapid and thorough, nearly every part of the State presenting excellent features for emigrants; and those portions of the State yet unsettled are in no respect behind the improved portions in point of natural advantages. That part through which the Duluth & Winnipeg Railway passes is superior to most other sections of the State, and when the importance of its connections, the region of country opened, and the directions of its route, in answer to the demands of commerce, are considered, no railroad project of the present day discloses a more legitimate or promising enterprise.

Minnesota may justly claim to possess many of the advantages enjoyed by other regions, while exempt from many of their unfavorable features. Without being mountainous, it has many of the characteristics of such regions, and while possessing myriad lakes, is free from swamps, and entirely clear from their usually attendant miasmas. While she must be ranked as a prairie State, one-third of her area is covered with timber, and, though far inland, vessels may load at her ports, at Duluth, etc., and convey her products to all parts of the world with only a single transfer of cargo. The renowned Red river of the North connects her with the immense and fertile regions of Manitoba, and the Assiniboine and Saskatchewan valleys. For these last-named sections the Duluth & Winnipeg Railway is designed to furnish a most complete outlet for products and travel, by the very shortest water routes, by way of Lake Superior during the summer months, and by the shortest and best railway connections to every part of the East during the winter months.

The Red river of the north rises near the head-waters of the Mississippi, but flowing in the opposite direction to the

larger river forms the boundary between Minnesota and Dakota, and, entering the Canadian province of Manitoba, finally empties into Lake Winnipeg. The prairie drained by this river and its tributaries contains about 40,000,000 acres, which is only the beginning of the vast section of fertile land which, stretching in a widening belt to the Rocky Mountains, is drained by the Saskatchewan river, and further north by the Athabasca and Peace rivers. This Canadian division contains certainly 150,000,000 acres, and may be found to include 250,000,000 acres, when a thorough survey shall have been made by the Dominion government. The climate differs essentially from that found in Eastern British America at a corresponding distance from the equator. The isothermal lines, as they approach Hudson Bay from the Pacific Ocean, bend decidedly to the south. The mean temperature of the Peace-river valley varies but little from the mean temperature of the valley of the Red river, though between the extreme limits of these sections there lies a thousand miles in breadth of territory.

The isothermal zone in which Minnesota is embraced is the same as that of Ohio and Pennsylvania, and so far as temperature is concerned the climates of these States are somewhat singular. But it ought only to be required to show that the cold here does not prevent the growth, full development, and profitable yielding of cultivated vegetation, and that it can be endured by men and domestic animals with no greater inconvenience or discomfort than it occasions, during the winter seasons, in most countries of the north temperate zone lying above 38 degrees of latitude on this continent, and 44 in Europe. The magnificent crops of wheat, corn, oats, fruits, vegetables, etc., which are annually grown in this State, and their wide-extended reputation for superior quality, are surely sufficient to demonstrate beyond question that the temperature is not detrimental to agricultural success, and the united testimony of its inhabitants proves that they experience no excessive discomfort because of the cold.

Throughout the agricultural regions of the Red-river val-

ley and Manitoba, wheat may be sown in April, or fully as early as spring wheat is sown in any part of the United States.

Recently railroad construction has progressed with amazing rapidity in the Red-river region, and immigration has gone forward in connection with it in a manner and to an extent unequalled in any other portion of America, and has been attended with remarkable prosperity. True, the part of land so far occupied is small, compared to the great aggregate. At many points in the valley farms have been laid out, and fields of wheat, some of which are thousands of acres in extent, have been cultivated; but the greater part of the land is still an unbroken prairie. The immigration into the valley of the Red river, and into the valleys of the Saskatchewan, has been of most importance in proving that this section of country produces the cereals in a state of perfection which has not manifested itself farther south,—a result to have been anticipated from its latitude and soil.

Quality of Wheat Grown in this Region.

According to a recent writer: "The superior quality of the wheat raised in this new country will be best shown by a comparison made in figures. Duluth and Chicago are selected to furnish a comparison, as the former is the general point of shipment of the northern wheat, and the latter is the place of largest receipts in the grain States further south. To explain the use of the figures given it may be noted that, for the convenience of trade, on arrival at one of the larger places of receipts, grain is inspected by experts, who are public officers, and graded according to its soundness and weight. The difference in market value between the grades is considerable. Take for the purpose the crop of 1880. During the last three months of that year there were inspected at Duluth 1,778,764 bushels of wheat. Leaving

out of consideration the fraction, 86,000 bushels, which were of the soft variety, and, it is assumed, came to this port from southern counties of Minnesota, the wheat graded as follows, the amounts being expressed by per cent. : —

AT DULUTH.

Grade No. 1, Hard	87 per cent.
Grade No. 2	11 “
Grade No. 3	1 “
Rejected	1 “

During the same months there were inspected at Chicago 1,571,262 bushels of winter wheat, and 7,988,816 bushels of spring wheat, which graded as below : —

AT CHICAGO.

<i>Winter Wheat.</i>		<i>Spring Wheat.</i>	
Grade No. 1	1 per cent.	Grade No. 1	1 per cent.
Grade No. 2	53 “	Grade No. 2	66 “
Grade No. 3	34 “	Grade No. 3	23 “
Rejected	12 “	Rejected	10 “

As to the respective market values : at the city of Buffalo, where the northern and southern grain, coming over the lakes from Duluth and Chicago, first meet in a general market, the following were the average prices per bushel during the months mentioned above : —

No. 1, Hard Duluth	\$1.18		
No. 2, “ “	1.15½		
No. 1, Red Winter	\$1.14	No. 1, Spring	\$1.13½
No. 2, “	1.11	No. 2, “	1.08
No. 3, “	1.06	No. 3, “	0.95
Rejected “	1.00	Rejected “	0.80

The southern-grown wheat may have in the future, it is probable, a still lower relative value. It alone has been used for export to foreign countries, whose mills were not

adapted for grinding with the best results the hard Manitoba wheat, even if the production of the latter were large enough to bring its merits into notice. Now, however, that the improved methods of milling employed at Minneapolis are being introduced into England, with an increased supply of hard wheat, there will doubtless come the same preference as exists in this country for a grain having its special properties. These improvements in milling have had a most important bearing on the value of all the varieties of hard wheat. The secret of the higher price which the Duluth wheat commands over the best grades from other localities is the fact that it makes a flour of greater strength. The northern wheat is flinty, and contains more gluten; the southern is soft, and contains more starch. Until lately, however, the farmer in Northern Minnesota found that his grain, although by an analysis of its parts the most valuable, brought the lowest prices paid in market, because, with the method then used for separating bran from the middlings, it made a dark-colored flour. A few years ago the defects were remedied by the millers at Minneapolis, and so successfully that their method of treating wheat has been very generally adopted throughout the country. The result has been, that the strong flour made of Red-river wheat is quoted at a price of two dollars per barrel over other kinds,—a difference which the baker is willing to pay, because from a given number of pounds it makes the greatest number of pounds of bread; and the private consumer is willing to pay, because it furnishes the most nutritive food. The hard Northern wheat, instead of being the lowest, has taken its rightful place as the highest priced on the list of grain.

The land is also more prolific. The experience of the wheat-raisers in Manitoba has now been of sufficient length to make understood some of the natural advantages extended to this country for returning large and certain crops. Situated in a high latitude, there is afforded to vegetation a greater number of hours of sun each day during the entire season of growth. The winter cold, continuous and with light falls of snow, freezes the ground to an extraordinary

depth. Under the disintegrating power of frost the lower soil is broken up each season for the sustenance of plants as thoroughly as if done by the best artificial means. This is not the only service performed by the frost; later, throughout the period of growth, it keeps within reach of the roots a moisture which renders drought impossible. But most noteworthy is the soil itself, — an alluvial black loam, with an average depth of 20 inches, resting on a subsoil of clay. It is very heavy, when wet having a tar-like consistency, and rich in the elements which are believed to nourish vegetation. —Dropped into this soil, with the other favoring circumstances, seed springs up and grows with an extraordinary vigor, and gives a sound and abundant crop. The average yield of wheat per acre in the Red-river valley, north of Fargo, where the soil becomes heavier and more characteristic, is 23 bushels. In Manitoba and the Saskatchewan region the average is greater, and amounts to 28 bushels. These facts become more striking when compared with results in the district of the wheat supply at present. In Illinois the average for wheat to the acre is 17 bushels; in Iowa, 10; in Wisconsin, less than 10; in Kansas, 10; while in Texas it is 8½ bushels. Nor does the land seem to deteriorate under a course of cropping, as does the lighter soil of States in the south. In the early part of the century, Lord Selkirk, fascinated by the resources which he beheld in the Lake Winnipeg region, formed the idea of developing them with colonists from his country. Shut off from any market for their grain, and located in a spot at that time practically inaccessible, the Highlanders who came over in accordance with the ill-considered plan of Lord Selkirk were subjected to a great deal of hardship. But many families stayed. The town of Kildonan, near the mouth of the Red river, started by these colonists, has been occupied by them and their descendants ever since. By their farming the powers of the soil have been pretty thoroughly tested. In this settlement there are fields which have been sown to wheat every season for the last 35 years without the application of any fertilizers, and which in 1879

yielded an average of over 30 bushels to the acre. A soil which raises one grain in such perfection is, of course, suitable for other purposes. Stimulated by the presence of buyers for the mills making the high-priced flour, who offer immediate payment for all their crop, the farmers have so far devoted all their energy to increasing their acreage of wheat. But the other cereals, — oats, rye, and barley, — sown to supply local needs, show a like abundant yield, and when brought to outside markets these products of northern soil will be found entitled to the high estimation accorded to the present staple.

Concerning the future progress of agricultural production in the Red-river region, the authority above quoted says: "The larger yield to the acre, the better quality and higher grade of crop shown in this northern country, are matters lifted by the vast extent of the land above a question of individual profit to the persons now cultivating the soil. If one-half the ground of that comparatively small portion which is drained by the Red river and its affluents were sown to wheat, the product, at an average yield, would be 500,000,000 bushels, or more than the entire amount raised in the United States in 1880. The attention of the United States within a few years will certainly be drawn sharply to the supply of grain coming from this new quarter, if the settlement of land goes on with its present movement. With the advent of a system of inland navigation greatly improved, and made the most perfect in the world, indeed, there is every reason to believe that the development of the interior will continue at its present rate, and even go forward with a rapidity never witnessed before. An immense amount of money is ready for employment. By the Canadian government and railway companies the news of these unsettled fields will be spread among the populous countries of Europe. A populous country lies directly adjoining. The land itself, level and rolling prairie, will allow railways to be built with the utmost rapidity and cheapness, and furnish no obstacle to cultivation. Scattered plentifully throughout Dakota and the valleys of the

Saskatchewan are beds of the soft coal which has supplied the fuel of our Western States. That necessity, iron, is not lacking. The extensive region north of Lake Superior is known to be rich in this ore. In 1880, from the mines on the south, at present the more accessible shore of this lake, were taken 1,900,000 tons of easily worked ore, which had a value of \$13,000,000.

Within 10 years it is certainly possible that there will be ready for shipment at the edge of Lake Superior an amount of wheat which will equal the total quantity now received yearly at all the Atlantic ports, at a price of 70 cents per bushel. Low as this price would be, compared with prices heretofore prevailing at the lakes, southern-grown wheat of the average quality would be worth 10 cents a bushel less. Wheat can be raised in the Red-river valley and delivered to the railroad at a cost of less than 40 cents to the bushel; 15 cents more, the rate for transportation to the lake from Fargo, deducted from the price above, leaves remaining a high profit to the grower. This is in the Red-river valley, and with a yield of 23 bushels to the acre. With a yield of 28 bushels, the increase would pay cost of transportation from far within the territory of the Saskatchewan.

It may therefore be confidently expected that the centre of activity in wheat, in the United States, will soon pass to the Red-river valley. Most valued by the farmers in Minnesota for seed is the grain coming from the Red-river valley, and especially that from Manitoba. Taken southward, if not renewed frequently from the original source, it tends to degenerate and grow soft.

Briefly stated, these are the facts which warrant the enterprise, — a direct line ~~250~~ miles in length, running through a region of the richest natural resources, abounding in the elements of traffic both ways along its line, and furnishing an indispensable outlet for the products of a vast agricultural and lumber region; a land grant of ~~1,600,000~~ acres, admirably situated to further the interests of the road, and easily available for revenue; the road itself a connecting link of the

320

2.04

utmost importance in a system of rail and water communications, and so situated that every great eastern line must be its ally and patron.

Engineer's Report.

Of the report of Daniel Hoffman, Esq., Chief Engineer of the D. & W. Railroad, we present the following summary, the full report being too voluminous to be inserted in this pamphlet :—

1. That a line out from Duluth to the highland which forms the ground level of the country, about twenty miles distant, has been found, presenting easy grades and capable of being constructed at moderate cost; that all the remainder of the line is characterized by light grades and slight curvatures, allowing easy and cheap construction and a minimum of cost in the working of the road when completed..

2. That the entire country through which the road will pass from Duluth to near Red Lake is covered with timber, consisting of Balsam, Spruce, Cedar, Tamarac, Oak, Ash, Poplar, and especially Pine, of which latter, along the line of the road and north of it, there exists, according to the estimate of experts, not less than six thousand million feet, the transportation of which must, for a long period, afford a vast business to the railroad. The soil of this region, when cleared and put under cultivation, is found to be very fertile, producing large crops of wheat, oats, barley, rye, etc., also abundant growths of clover, timothy, and other grasses..

The remainder of the line to Emerson, on the boundary between Minnesota and Manitoba, passes through a prairie country, possessing but little timber, but for richness and productiveness of soil and salubrity of climate not exceeded by any portion of the American continent. This is the celebrated Red-river valley, about twenty thousand square miles in extent, and forming a part of what is to be the great wheat-field of the country.

3. The population of the counties through which the road will pass is given as follows :—

St. Louis	9,000
Itaska	nominal
Cass	1,000
Becker	7,000
Polk	16,000
Marshall	3,000
Kitson	3,500

and that of Manitoba, the province lying immediately north of Minnesota, and which will be largely tributary to our road, as 85,000, of which 15,000 is in the city of Winnipeg.

Mr. Hoffman states that this population is increasing at the rate of over one hundred per cent. per annum, the increase consisting mainly of immigrants of the best class, having money sufficient to buy and stock their farms. He expresses the belief that as soon as the D. & W. Railroad shall be built, the land all along the line to the distance of many miles, and throughout its entire length, will be taken up and occupied by this desirable class of immigrants.

4. The report further states that the line crosses numerous rivers, which penetrate the vast lumber region, and afford abundant facilities for floating down to the railroad the pine timber and other products of these parts; also excellent water-power for the establishment of saw-mills, flour-mills, and other manufactories, all of which will furnish business and revenue to the railroad.

It is stated in this connection that there are already at Duluth and in its neighborhood twelve saw-mills, which will cut sixty million feet of lumber this year, and that the amount will be doubled next year. It is also stated that there are many acres of land suitable for the erection of saw-mills and flour-mills along the line of our road, in season to profit by the transportation facilities it will offer as soon as open for business.

5. In showing that the D. & W. Railroad will undoubtedly enjoy a very large freight traffic, the report states that the amount of general merchandise landed at Duluth from Canadian steamers and destined for Manitoba was, in

1880, ten thousand two hundred and twenty tons, and of railroad iron, etc., six thousand tons; that the total freight received by lake at Duluth, in the year 1880, was one hundred and thirty-three thousand one hundred and twenty-five tons, and by rail two hundred and thirty-four thousand seven hundred and fifty tons; that the freight shipped by lake was, including four million bushels of wheat and three hundred and fifty-one thousand seven hundred and seventy-seven barrels of flour, one hundred and eighty-four thousand two hundred tons; and the business of the port for the year 1881 is estimated at double that of 1880. As an evidence of the growth and magnitude of the grain business at Duluth, the report states that there is already there one elevator of seven hundred thousand bushels' capacity, one of one million bushels, and another constructing of one million one hundred thousand bushels' capacity.

New coal-docks are also in process of construction, and old ones have been greatly enlarged in the expectation of a heavy business in coal, which can be delivered there at remunerative rates from the Pennsylvania mines.

6. The conclusions reached by the engineer are, first, that the enterprise is perfectly feasible, and that no obstacles are found in the way of cheap and easy construction. Second, that the road can be thoroughly constructed, and fully equipped with rolling-stock, and other facilities for the transaction of its business, for a sum not exceeding the probable proceeds of the bonds of the company and other cash means provided for the purpose; third, that affording, as it will, a line to the Red-river valley, and to the great North-west, fully one hundred miles shorter than any other, it cannot fail to take the business of those regions, while the development of the country through which it will pass will also furnish it an immense local traffic; and that, therefore, fourth, it must, in his own words, "prove very profitable and satisfactory to the capitalists investing in the enterprise."

Letters.

STATE OF MINNESOTA, EXECUTIVE DEPARTMENT,

ST. PAUL, Sept. 28, 1881.

J. B. BILHEIMER, Esq., *Manager D. & W. R.R. Co.,
Duluth, Minn.* :—

DEAR SIR, — In reply to your inquiry pertaining to the construction of the Duluth & Winnipeg Railroad, I would say that the proposed route of this road, as pointed out to me, traverses a country of great and varied resources, penetrating, as it does, extensive pine forests at one end, and opening at the other upon a vast prairie region of exhaustless fertility.

This great and tractable territory, embracing the valley of the Red river of the North, and stretching westward and north-westward almost without limit, is being settled and developed with marvellous rapidity, and fast securing recognition as the great wheat-producing region of the North American Continent. In view of the exchange of products necessarily required, a line of railroad, which shall connect these forest and timber regions, and facilitate the transportation of the multiplying products of this vast country through the lake system of interior navigation, commencing at Duluth, can hardly fail to do a large and lucrative business, if properly managed.

Very respectfully,

J. S. PILLSBURY,
Gov. Minn.

OFFICE OF UNITED STATES ATTORNEY,

ST. PAUL, MINN., Sept. 23, 1881.

J. B. BILHEIMER, Esq., *Manager D. & W. R.R. Co.,
Duluth, Minn.* :—

DEAR SIR, — Your favor of 21st inst. is at hand; upon the merits of your Duluth & Winnipeg enterprise, one familiar with the situation cannot but like to speak. The lower valley of the Red river of the North is now conceded by all informed persons to be the finest wheat belt in the

West. The rapidity of its settlement during the last five years equals, if it does not exceed, anything known to the history of our country. The population is intelligent, industrious, enterprising, and thrifty to a remarkable degree, and includes many persons of wealth, who are multiplying the products of the country with a rapidity impossible to settlers less thoroughly equipped. A glance at the map will show that Lake Superior is the economical and inevitable outlet of this vast region, and the inlet also for the masses of merchandise for which its products must be exchanged. The commercial necessity for a road directly connecting the lower river with the lake is not a matter of speculation. It is a truism. It passes as an axiom throughout the Red-river country, the people universally bespeaking for such a road a magnificent success from its inception, and regarding it as the predestined monarch of the valley.

Again, your road will pass through a hundred miles of superb pineries out upon a boundless expanse of almost treeless prairies. It admits of mathematical demonstration, that you could, in the first year of your road's existence, lay down, in both Western Minnesota, Northern Dakota, and Manitoba, two hundred million feet of lumber, or more if needed, upon terms which would absolutely defy competition, and insure you the lumber supply business of the entire region. It would be *par excellence* the lumber line of the State. I predict for it a marked success from every point of view.

Respectfully yours,

WM. W. BILLSON.

OFFICE OF THE DULUTH & WINNIPEG R.R. Co.,

DULUTH, MINN., Sept. 29, 1881.

To HALSEY J. BOARDMAN, Esq., Sec'y D. & W. R.R. Co.:—

DEAR SIR,—I submit the following statements of passengers and freights handled by the N. E. Transportation Co., the Chicago & Superior Transportation Co., and O'Brien & Knowlton transfer passenger agents at Duluth, for 1882:—

	tons.	cases.
N. E. T. Co., per J. T. Rose, agt.	32,400	= 3,240
C. & S. T. Co., per Moore, agt.	26,300	= 2,630
Total	58,700	= 5,870

58,700 tons, at 2c. per ton per mile, 250 miles =	\$283,500
Passengers transferred by O'Brien & Knowlton, for Manitoba R.R., 42,000, at 4c. per mile	250 miles = 420,000
Total from this source	\$703,500

Add to the above passengers and freights passing by way of Chicago and St. Paul, the bulk of which pass to the head of Lake Superior when the system of roads eastward from Valvite is completed, and you ought to be convinced of the merits of the D. & W. R.R.

J. B. BILHEIMER.

Articles of Incorporation of the Duluth & Winnipeg Railroad Company.

Know all men by these presents that the undersigned persons, for the purpose of associating themselves together and forming a corporation, under and by virtue of the laws of the State of Minnesota, and more especially under and by virtue of Title I., of Chapter 34 of the General Statutes of said State, and the acts amendatory thereof, have adopted and do hereby adopt and sign articles of incorporation, as follows:—

ARTICLE I.—The corporate name of the corporation shall be "Duluth & Winnipeg Railroad Company." The general nature of its business shall be to survey, locate, construct, equip, maintain, operate, and run a railway with one or more tracks or lines of road, with all necessary side-tracks, turn-outs, and all necessary machine-shops, warehouses, storehouses, elevators, depots, station-houses, factories, buildings, structures, right of way, depot grounds, lands and appurtenances, necessary or convenient for the equipment, management, and

operation of such railway, which shall commence at Duluth, in the State of Minnesota, and run in a general north-westerly direction, by such route as shall be deemed advisable, to some point on the northern boundary line of the State of Minnesota, between the Red river of the North and the Lake of the Woods. The principal place of transacting the business of the corporation shall be at Duluth, in the County of St. Louis, in the State of Minnesota.

ART. II. — This corporation shall commence on the first day of February, A.D. 1878, and shall continue for a period of one hundred years.

ART. III. — The amount of the capital stock of the corporation shall be four millions of dollars, five per centum of which shall be paid in at the time of subscribing the same, and the remainder in instalments not exceeding twenty per centum at one time, to be paid as ordered by the Board of Directors.

ART. IV. — The highest amount of indebtedness or liability to which the said corporation shall be at any time subject, including bonded and other indebtedness, shall be four millions of dollars.

ART. V. — The names and places of residence of the persons comprising this association for corporation are as follows:—

William W. Spalding, of Duluth, Minn.

Andrew M. Miller, of Duluth, Minn.

John C. Hunter, of Duluth, Minn.

Andrew J. Sawyer, of Duluth, Minn.

James Bardon, of Superior, Wis.

Robert C. Mitchell, of Duluth, Minn.

Hamilton M. Peyton, of Duluth, Minn.

ART. VI. — The names of the first Board of Directors of this corporation are as follows: William W. Spalding, Andrew M. Miller, John C. Hunter, Andrew J. Sawyer, James Bardon, Robert C. Mitchell, and Hamilton M. Peyton, who shall hold their offices as such Directors until their successors are elected. The officers of this corporation shall be



a President, Vice-President, Secretary, Treasurer, and an Executive Committee, who shall be elected annually by the Board of Directors. The government of the corporation and the management of its affairs shall be vested in a Board of Seven Directors, who shall be elected annually by the stockholders, at their annual meeting, to be called and held for the purpose of electing Directors, and for the transaction of such other business as may lawfully come before it, which annual meeting of the stockholders shall be held on the second Thursday of December. Until their successors are elected W. W. Spaulding shall be President; John C. Hunter, Vice-President; James Bardon, Secretary, and H. M. Peyton, Treasurer; and W. W. Spaulding, A. M. Miller, A. J. Sawyer, and R. C. Mitchell, the Executive Committee.

ART. VII. — The number of shares of the capital stock of the corporation shall be forty thousand, and the amount of each share one hundred dollars.

In witness whereof we have hereunto set our hands and affixed our seals, at Duluth, in the said State of Minnesota, on this 28th day of November, A.D. 1877.

W. W. SPALDING,	[SEAL.]
A. M. MILLER,	[SEAL.]
JOHN C. HUNTER,	[SEAL.]
ANDREW J. SAWYER,	[SEAL.]
JAMES BARDON,	[SEAL.]
R. C. MITCHELL,	[SEAL.]
HAMILTON M. PEYTON.	[SEAL.]

Signed, sealed, and delivered in presence of

A. R. MACFARLANE,
C. E. BOSTWICK.

STATE OF MINNESOTA, }
County of St. Louis, } ss.

Be it remembered that on this 29th day of November, A.D. 1877, before me, a notary public in and for said County of St. Louis, personally appeared the above-named Andrew M. Miller, John C. Hunter, Andrew J. Sawyer, James Bar-

don, Robert C. Mitchell, Hamilton M. Peyton, W. W. Spalding, and each of them to me well-known to be the same persons who signed and executed the foregoing articles of incorporation, and who did sign the same in my presence, and did each for himself duly acknowledge that he so executed the same as his free and voluntary act and deed, for the uses and purposes therein set forth.

C. E. BOSTWICK,

[SEAL.]

Notary Public,

St. Louis Co., Minn.

In the original "Articles of Incorporation" of the Duluth and Winnipeg Railroad Company, Article III. reads as follows: "The amount of the capital Stock of the Corporation shall be \$4,000,000, five per cent. of which shall be paid in at the time of subscribing the same, and the remainder in instalments not exceeding 20 per centum at one time, to be paid as ordered by the Board of Directors." Article IV. reads as follows: "The highest amount of indebtedness or liability to which the said Corporation shall be at any time subject, including bonded and other indebtedness, shall be \$4,000,000." And Article VII. reads as follows: "The number of shares of the capital stock of the corporation shall be 40,000, and the amount of each share, \$100." At a meeting of the Board of Directors, held at Duluth, Feb. 26, 1881, Articles III., IV., and VII. of the Incorporation were amended, making the capital stock, \$5,000,000, the highest amount of allowable indebtedness or liability, \$5,000,000, and the number of shares of the capital stock, 50,000.

At a stockholders' meeting of the Duluth & Winnipeg Railroad, held in Duluth, Tuesday, October 4, 1881, it was voted that the limit of indebtedness of this company shall be \$7,000,000.

LAND GRANT.

AN ACT granting certain swamp lands to the Duluth Iron Range Railroad Company.

Be it enacted by the Legislature of the State of Minnesota:—

SECTION 1. That for the purpose of aiding the Duluth & Iron Range Railroad Company, a corporation organized under and by virtue of laws of Minnesota, to construct a railroad from Duluth, by the shortest and most feasible route, to the north-east corner of township Number Sixty, north of Range Number Twelve west, on the Missabee Iron Range; there is hereby granted to the said corporation, or its assigns, an amount of swamp lands belonging or hereafter to accrue to the State under the act of Congress of March twelfth, eighteen hundred and sixty, equal to ten sections per mile for each mile of said road that may be completed, to be selected within ten miles on each side on the line of said road; and in case there should not be sufficient amount of said swamp lands unsold or unappropriated within each ten-mile section of said road as completed, then said company shall have the privilege of locating the deficiency on any of the swamp lands belonging or to accrue to the State, not otherwise previously disposed of within the counties of St. Louis, Lake, and Cook, and no other counties in the State;

Provided, That the gauge of said railroad shall not be less than three feet, with iron or steel rails of not less than twenty-five pounds to the yard;

And provided further, That no lands shall enure to the said company, under this act, until all grants of swamp lands, previously made by the State, shall be fully satisfied or have become forfeited by lapse of time or by failure to fulfil the conditions annexed to the said respective grants or otherwise.

SECT 2. That when the governor of the State shall be duly notified (by the company aforesaid) of the completion of each and every ten miles of said road, it shall be his duty to have the same examined by sworn commissioners, and, on

their certificate of the completion of each consecutive ten miles in a good and substantial manner, as contemplated by the act, he shall notify the Secretary of State, who shall forthwith cause swamp-land certificates to be issued to the president and directors of said railroad company for the number of acres to which they shall be entitled under this act, for the number of miles so completed as provided in section one;

Provided, That within twelve months from the passage of this act the company aforesaid shall cause a survey of the line of said road to be made, and file a map of the same with the Secretary of State;

And provided further, That at least twenty miles of said road shall be built within two years from the date of this act, and the whole completed within five years;

And provided further, That none of the lands hereby granted shall be subject to taxation until the expiration of five years from the issuance of the patent by the State, unless previously sold or disposed of by said railroad company.

SECT. 3. That after the filing of the map showing the line of road, as provided in the last preceding section, all of the swamp lands belonging to the State for ten miles on each side of the line of said road shall be withdrawn from sale for the purposes contemplated in this act.

SECT. 4. This act shall take effect and be in force from and after its passage.

[Approved March 9, 1875.]

STATE OF MINNESOTA, }
DEPARTMENT OF STATE. }

I hereby certify that I have carefully compared the foregoing with the original on file in this department, and that it is a true and correct copy thereof, and of the whole of the same.

Witness my hand and the Great Seal of the State, this 12th day of April, A.D. 1881.

FRED. VON BAUMBACH,

Secretary of State.

[SEAL.]

The Duluth & Iron Range Railroad Company having forfeited the rights granted to it under the preceding act, such rights were transferred to and vested in the Duluth & Winnipeg Railroad Company by the following act, viz.:—

AN ACT to transfer the lands granted to the Duluth & Iron Range Railroad Company, and other purposes.

Be it enacted by the Legislature of the State of Minnesota:—

SECTION 1. That the lands granted to the Duluth & Iron Range Railroad Company, by an act approved March ninth (9th), one thousand eight hundred and seventy-five (1875), entitled An act granting certain swamp lands to aid in the construction of the Duluth & Iron Range Railroad, in case of forfeiture by the said Duluth & Iron Range Railroad Company, be and the same are hereby transferred and vested in the Duluth & Winnipeg Railroad Company, a corporation organized under and by virtue of the laws of Minnesota, to aid in the construction of their line of road, as described in their articles of incorporation; and the said Duluth & Winnipeg Railroad Company shall be entitled to the same number of sections of swamp land for each mile of its road, to be selected with reference to its line of road, in like manner, and certified upon like conditions, as specified with reference to said Duluth & Iron Range Railroad Company in the act above mentioned; with the additional time of ten (10) years from and after the passage of this act in which to make its surveys, and file its maps with the Secretary of State, and to construct and complete its line of road.

SECTION 2. This act shall take effect and be in force from and after its passage.

Approved March 9, 1878.

STATE OF MINNESOTA, }
DEPARTMENT OF STATE. }

I hereby certify that I have carefully compared the foregoing with the original on file in this department, and that it is a true and correct copy thereof, and of the whole of the same.

Witness my hand and the Great Seal of the State, this
12th day of April, A.D. 1881.

FRED. VON BAUMBACH,

[SEAL.]

Secretary of State.

The term "swamp lands," as here applied, most nearly takes the place of the term "meadow lands" as applied in the East, and as descriptive terms the two are nearly identical. The title is applied by surveyors, who, entering upon a new section of land, and finding water standing upon any part of it, though it be on but a single acre of that section, give the name "swamp land" to the whole section. Thus it happens that the "swamp lands" of the State may, and do, comprise some of the very best agricultural and timber lands within her borders. It is not unusual, in cases where grants of "swamp lands" have been made, for these lands to be sold for \$10 per acre in the first instance, so excellent is their general quality, and so little affected are they by "swampiness." In other than public dealing the term would never be thought of as applying to such lands.

FIRST MORTGAGE.

This Indenture, made and entered into this second day of May, one thousand eight hundred and eighty-one, by and between the DULUTH & WINNIPEG RAILROAD COMPANY, a corporation existing under the laws of the State of Minnesota, hereinafter called the railroad company, party of the first part, and the CENTRAL TRUST COMPANY OF NEW YORK, a body corporate, hereinafter called the trust company, party of the second part, —

Whereas, The railroad company, party of the first part, is duly incorporated under and by virtue of the general laws of the State of Minnesota, for the purpose of constructing, owning, and operating a line of railroad for the carriage of freight and passengers in the said State and for other purposes, and, by virtue of the said general laws of the State of Minnesota, and its incorporation under the same, has been authorized to construct and operate a line of railroad; and

Whereas, The said railroad company is now about to construct a railroad in the said State of Minnesota, extending from Duluth to some point on the northern boundary line of the State of Minnesota, between the Red river of the North and the Lake of the Woods, a distance of about two hundred and fifty miles, and is also the owner of certain property and franchises; and

Whereas, The said railroad company, for the purpose of procuring the means necessary to construct, equip, and complete its railroad and branches, as by law and action of the stockholders they are duly authorized, has resolved to issue and deliver bonds to the number of five thousand, for the sum of one thousand dollars each, consecutively numbered from one to five thousand, both inclusive, amounting in the aggregate to five million dollars on the entire line of the said railroad; and

Whereas, All the said bonds have been or will be duly or legally made and delivered by the said railroad company, partly of the first part, and are in the following form:—

UNITED STATES OF AMERICA,
STATE OF MINNESOTA.
FIRST-MORTGAGE BONDS.

\$1,000.

\$1,000.

For value received, the Duluth & Winnipeg Railroad Company promises to pay the Central Trust Company of New York, or bearer, one thousand dollars in United States gold coin of the present standard value and fineness, on the first day of May, one thousand nine hundred and eleven, with interest in gold coin, as aforesaid, at the rate of six per centum per annum, payable semi-annually, free from United States Government tax, on the first day of November and May, in each year, on the presentation of the respective coupons hereto attached, until the principal shall be paid, both principal and interest being payable at the office of the Central Trust Company of New York.

This bond is one of a series of First-Mortgage bonds of

one thousand dollars each, amounting in the aggregate to five million dollars, the payment of the principal and interest of the said bonds being secured by a deed of trust to the Central Trust Company, bearing even date herewith, and duly recorded of the following, viz. : —

First. — The entire line of said company's railroad built and to be built, together with all side-tracks, turnouts, rolling stock, and other equipments, right of way, depot and shop grounds, tenements, hereditaments, rights and franchises, and all property, real and personal, acquired and hereafter to be acquired, pertaining and necessary to the operation of the said railroad.

Second. — All the right, title, and interest which the said railroad company now has or may hereafter acquire in and to all the lands granted to said company by the State of Minnesota, viz. : to ten sections of six hundred and forty acres each for each and every mile of road constructed, said lands having been set apart and the proceeds of their sales having been pledged as a sinking fund for the redemption of said bonds and interest, as by reference to the mortgage will more fully appear.

It is agreed between the railroad company and the holder of this bond, that this bond and all accrued interest thereon may be exchanged at par in payment for any of the aforesaid lands of the company, at a valuation fixed in the schedules deposited with the trustee in the manner provided in the mortgage. This bond shall not become obligatory until the certificate endorsed thereon is signed by the authorized officer of the Central Trust Company.

In witness whereof, the said Duluth & Winnipeg Railroad Company has caused its corporate seal to be hereto affixed, and these presents to be signed by its President and Secretary, on this second day of May, one thousand eight hundred and eighty-one.

Corporate
Seal.

President.

Secretary.

[FORM OF COUPONS.]

\$30.00 on the day of 1881, No.

The Duluth & Winnipeg Railroad Company will pay to bearer, at its office or agency in New York, thirty dollars, United States gold coin, being six months' interest due that day on bond No. , unless said bond be previously called in as provided in the mortgage.

Treasurer.

And each of said bonds is to have thereon a certificate signed by the said party of the second part, or its successor as trustee, to the following effect:—

It is hereby certified, that this bond is secured by the mortgage or deed of trust therein mentioned, and that said mortgage is duly filed and recorded.

CENTRAL TRUST COMPANY OF NEW YORK, *Trustee,*

By

President.

Now, therefore, this indenture witnesseth that the said railroad company, party of the first part, in consideration of the premises and of one dollar to it in hand paid, at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, hath granted, bargained, sold, assigned, set over, released, conveyed, and confirmed, and by these presents doth grant, bargain, sell, assign, set over, release, convey, and confirm unto the said Trust Company, party hereto of the second part, and its successor or successors in the trust herein and hereby created and declared, all the right, title, and interest which the said railroad company now has or may at any time hereafter acquire, in or to all and singular the railroad of the party of the first part, including all appurtenances and appendages of said

railroad; also all the right, title, and interest which the said party of the first part now has or may hereafter acquire in and to all the lands granted to said party of the first part by the laws of the State of Minnesota—that is to say, ten sections per mile for each and every mile of road constructed; together with all the lands, tracks, lines, rails, bridges, ways, buildings, piers, wharves, structures, erections, fences, walls, fixtures, franchises, privileges, and rights of the said railroad company; and also all locomotives, engines, tenders, cars, carriages, tools, machinery, manufactured and unmanufactured materials, coal, wood, and supplies of every kind belonging or appertaining to the said railroad company; also all the tolls, income, issues and profits arising out of the said property, and all rights to receive and recover the same; also all estate, right, title, and interest of the party of the first part in and to any and all real estate belonging to the said party of the first part; also all leasehold lands with the buildings thereon erected; also all piers, bulkheads, and waterfronts; it being intended hereby to convey to the trust company, party of the second part, under and by virtue of the aforesaid description, all and every right, title, and interest of the railroad company in or to the premises above mentioned and described, or any part thereof; it being the true intent and meaning of these presents that the said railroad company doth convey to the said trust company all and all manner of franchises of every kind and description, however derived and wherever situate, all and all manner of real estate or interest therein, wherever such real estate may be situate, and all and all manner of personal property of whatever nature or description the same may be, at the date of these presents owned or possessed by the said railroad company, and also all choses in action of every kind and description, including bills receivable, book accounts, traffic balances, all books of record and accounts of every kind and description, all papers, maps, inventories, and documents in anywise referring or relating to the property or franchises hereby conveyed.

To have and to hold all and singular the above described

premises to the said trust company, party of the second part, its successor or successors in the trust hereby created, to the only proper use and behoof of the said trust company, its successor or successors, in trust, nevertheless, for the uses and purposes hereinafter expressed, namely: —

First. — To secure the payment of the bonds of the railroad company, party of the first part, not exceeding the limit above mentioned, to be issued as above recited, and for the use and benefit of the person or persons, firm or firms, bodies politic or corporate, who shall, at any time, become the purchasers or holders, owners or bearers, of either or any of the said bonds (subject to the terms, provisions, and stipulations in the said bonds contained); which bonds, however, shall be equal in priority of lien, whenever the same shall have been issued as herein provided.

Second. — Until default shall be made in respect to something herein required to be done or performed by the railroad company, party of the first part, or until, by the express conditions of this indenture, the right of entry shall have accrued to the trust company, party of the second part, the railroad company shall be permitted to possess, manage, operate, and enjoy all and singular the mortgaged premises, including the said railway, with its appurtenances and equipments, and to take and use the rents, incomes, profits, tolls, and issues thereof, in the same manner and to the same effect as if this indenture had not been made.

Third. — In case default in the payment of interest on any of the bonds secured by this indenture shall be made, and shall continue for the space of six months, and such payment shall have been duly demanded, then the trust company, party of the second part, if it shall elect so to do, may, and if requested in writing by the holders of two-thirds of the bonds secured hereby, and upon being satisfactorily indemnified for so doing, shall enter upon all and singular the mortgaged premises, and every part thereof, and possess, operate, use, and enjoy the same; and upon

request being made, the railroad company shall immediately surrender possession of all and singular the mortgaged premises and property of every sort and description to the trust company. It shall also be lawful for the trust company, in case such default shall be made and continue as aforesaid, and payment shall be demanded, to sell and dispose of all the premises and property of every sort and description hereby conveyed, including said lands, at public auction, in the City of New York, or at such other place as the trust company may designate, having first given notice of the place and time of such sale by advertisement, published not less than once a week for three months next preceding the time specified for the sale, in at least one newspaper published in the City of New York, and in at least one newspaper published in Duluth, in the State of Minnesota, and to adjourn the said sale from time to time, by announcement at the time and place advertised, and to make and deliver to the purchaser or purchasers good and sufficient deeds in fee simple, which sale shall be a perpetual bar, both in law and equity, against the said railroad company, and all other persons lawfully claiming the above described premises and property, or any part thereof, or any lien or interest in the same, through or from the said railroad company; and after deducting from the proceeds of such sale just allowance for all expenses thereof, including reasonable attorneys' and counsel fees, and any other necessary expenses incurred by the trustee in executing its trust, to apply the proceeds to the payment of the principal of such of the aforesaid bonds as may be at the time unpaid, whether or not the same shall have previously become due, and of the interest which shall at that time have accrued on the said principal and be unpaid, without discrimination or preference, but ratably to the aggregate amount of such unpaid principal and such accrued and unpaid interest, and if, after satisfaction thereof as aforesaid, a surplus shall remain, to pay the same over to the railroad company.

Fourth. — In case default in the payment of interest on any of the bonds secured by this indenture shall be made, and shall continue for the space of six months, and such payment shall have been duly demanded, then the trust company, party of the second part, if it shall elect so to do, may, and if requested in writing by the holders of two-thirds of the bonds secured hereby, and upon being satisfactorily indemnified for so doing, shall apply to any court or courts, having proper jurisdiction in the premises, for a foreclosure and sale of the mortgaged premises and property, and for the appointment in the meantime of a receiver of the mortgaged premises under this indenture; or (as an alternative of entry under the right in that behalf hereinabove given) for the appointment of such a receiver without applying for a foreclosure and sale of the mortgaged premises. In the event of such right of foreclosure and sale accruing for non-payment of interest, immediately thereupon the whole amount of the principal of the bonds secured by this indenture shall, at the option of the said trust company, become due and payable; and this provision is expressly declared not to be in the nature of a penalty for a breach of condition, or for the non-payment of interest, but to be a provision which, having regard to the nature of the mortgaged premises, and the impossibility of a sale thereof in parcels without serious prejudice to all interests, and for other reasons, is essentially necessary to carry out the objects and purposes of the parties hereto.

And it is hereby further agreed that the said trustee shall convey, by way of release or otherwise, to any person or persons designated by the said party of the first part, its successors or assigns, or release from the lien or operation of this mortgage in such a manner as they may be acquired as a subsidy from the State of Minnesota, by reason of the completion of said railroad, or any part thereof, and which are hereby conveyed, and not being a part of said railroad, nor required for the convenient use and operation thereof, which shall or may hereafter be sold by said party of the first part, its successors or assigns, in conformity with the

provisions hereof; provided that such lands shall not be sold by said party of the first part, its successors or assigns, at less than the appraised value thereof, as set forth in the schedule delivered to said trustee, and provided further, without the consent in writing of said trustee that such conveyance and release shall not be executed by said trustee, unless the proceeds of the sale of the lands so sold shall be paid over to it by the party of the first part, its successors or assigns, or by the purchaser of said lands, to be by the said trustee applied to the payment of interest on said bonds, and the purchase and cancellation thereof as hereby provided. And it is further agreed that the bonds secured hereby shall be received as cash at their par value, and accrued interest by said railroad company, its successors or assigns, in payment of any of said lands which may be sold by it.

And the said Duluth and Winnipeg Railroad Company hereby further agrees to and with the said trust company of New York, and its successors in the trust, that it will establish a sinking fund adequate for the redemption and purchase at par and accrued interest of all of said bonds, at or before the maturity thereof, by depositing with the said trustee, from and after the first day of May, 1891, and annually thereafter until the maturity of said bonds, a sum equal to two per centum of the amount of such bonds as shall then be outstanding and unpaid, which said sum shall be paid in gold coin of the present standard value and fineness. All moneys arising from the sales of the said lands mentioned in and secured by this mortgage, after deducting the expenses of executing this trust, are hereby pledged to the payment of the said bonds and of the interest coupons or warrants thereto attached; and the said trustee shall receive all the proceeds of the sale of said lands, and shall use and apply the same toward the payment of the interest on the bonds secured by this deed of trust or mortgage as the same may become due and payable, and shall retain any surplus remaining in its hands after the payment of such interest, from time to time, to be applied to the

payment of the principal of said bonds. In case the sum received from the proceeds of the sales of lands, as herein provided, should in any year prove insufficient to pay the said two per centum of the outstanding bonds, then the said railroad company shall make up said deficiency out of the net earnings of the railroad, or otherwise.

And it shall be the duty of said trustee, on or before the first day of May, 1892, and each ensuing year, to publish in one or more newspapers in the cities of New York and Duluth an advertisement setting forth the amount of said sinking fund then on hand, and requesting the holders of said bonds to send written proposals to said trustee, specifying the terms respectively for which they would be willing to sell bonds of this series held by them; and the said trustee shall invest the said moneys in the purchase of the bonds, provided such purchase can be made at par, or less than par, and accrued interest, and provided those bonds offered at the lowest price shall be first purchased. In case said bonds cannot be purchased at par, as aforesaid, the money applicable to the purchase thereof shall be temporarily invested in the bonds of the United States Government, or other safe security which may be agreed upon between the railroad company and the trustee in the mortgage, which bonds or securities shall be duly registered in the name of the trustee, and shall be held by it for the benefit of said sinking fund, and until the same can be applied to the purchase of said bonds at such rate. Whenever the trustee shall receive any of the bonds above mentioned by purchasing the same, or in payment for lands sold as herein provided, the same, with any unpaid interest coupons annexed thereto, shall be immediately cancelled, and shall thereafter only be held as vouchers by said trustee. The trustee shall keep a correct account of all moneys paid into the sinking fund, and also a registry of the numbers of the bonds and coupons so purchased and cancelled, and the prices paid for the same, which registry and account shall, at all seasonable hours and times, be open to the inspection of any holder of any of said bonds, as well as to the officers

or agents of the said railroad company; and the said trustee shall, on or before the first day of May of each year, furnish a transcript of said registry and account to the said party of the first part, which transcript the party of the first part shall publish in the annual report to be made by it to its stockholders. The said trustee is hereby authorized and empowered to employ such agents and attorneys as may be necessary to discharge any duty under this mortgage in relation to the sale of any of the lands aforesaid, or otherwise (and all agents or attorneys so necessary, or properly employed, or appointed, shall be paid by the railroad company, its successors or assigns); and the said trustee is fully authorized to constitute or appoint an agent or attorney to execute conveyances, releases, or other instruments necessary and proper to be executed by them, to release from the lien and operation thereof any of the said lands which shall be sold as herein authorized, and to act generally in behalf of said trustee; and all instruments executed and acts done by such agent or attorney, within the scope of his authority in respect to said lands, shall be legal and binding as if executed by said trustee in person; and the said party of the first part hereby covenants and agrees to and with the said party of the second part, that whenever and as often as said railroad company, its successors or assigns, by reason of the construction of its railroad, or any portion thereof, shall be entitled to receive from the State of Minnesota the land subsidy of ten sections per mile, hereinbefore referred to, it will proceed to select, survey, and locate the certificates for the same, and said lands shall be subject to the lien and operation of this mortgage.

It is further mutually agreed, by and between the said parties hereto, as a condition on which the party of the second part has assented and does assent to these presents, that the trustee shall not in any manner be responsible or liable for any act, default, or misconduct of any agent or agents by it employed; nor shall it be answerable under any circumstances except for its own wilful default or misconduct.

And the said railroad company shall, from time to time, as the aforesaid lands are selected, execute, acknowledge, and deliver all such further deeds, conveyances, or assurances for the transfer of said lands to the said trustee, for the purposes hereof, as may be necessary. The said deeds and conveyances shall, after being duly acknowledged by the railroad company under its corporate seal, be recorded in all the counties in which said lands may be located, and the description of said lands, when made, shall be deemed and taken as a part of these presents with like effect as though said description had been incorporated herein.

It is further agreed, that the said railroad company, in conjunction with the trustee, or its authorized agent, shall cause the lands aforesaid to be carefully valued or appraised in such divisions or parcels as shall seem to be most expedient, for the purpose of selling the same, and in such valuation or appraisement all lands containing or supposed to contain minerals shall be distinguished from those which are valued as agricultural; and prairie lands shall be distinguished from timber lands; and true copies of such description, valuation, and appraisement shall be made, showing the minimum prices at which the same are to be sold, one of, which copies shall be deposited with said trustee; but the said valuation and appraisement may, from time to time, be changed in regard to the whole or any part of the lands included therein, as the value of the lands may be enhanced or depreciated, provided a copy of such new valuation shall be deposited as aforesaid.

And it is hereby agreed, that the said railroad company, its successors and assigns, shall be entitled to contract for the sale of said lands or any part thereof, not occupied by or necessary for the right of way or other purposes incidental to the operation of said railroad, and the proper and convenient transaction of the business thereof, at the appraised value aforesaid, and may sell the same partly on credit, provided always that before conveyances of any land so sold shall be made to the purchasers, any amount of the purchase money remaining unpaid shall be secured by a pur-

chase-money mortgage, or deed of trust, upon the premises sold, which mortgage shall be duly assigned to the trustee herein, at or before the delivery of such conveyance. Upon any and every such sale, the said railroad company shall execute and deliver to the purchaser a proper deed thereof, conveying the same to him absolutely in fee simple; and the said trustee or its attorney, upon the receipt of the purchase money, shall release and discharge the said land so sold from any and all incumbrances created hereby.

It is also further understood and agreed, that the said Duluth and Winnipeg Railroad Company shall apply the proceeds of these bonds in good faith to the construction, improvement, and equipment of said railroad, and putting the same into operation.

Fifth. — If the trust company, party of the second part, shall enter upon the premises, and take possession, control, and management thereof, under and by virtue of the preceding article, it shall apply and administer the net revenue and income from the mortgaged premises, during such possession, in the discharge and satisfaction of interest or interest and principal secured by this indenture, as the same may become due and payable, and in due order or priority. During such possession, occupation, control and management, the trust company shall only be liable for the exercise of good faith and reasonable diligence, and all expense, loss, and damage of every kind and nature growing out of such possession, control, and management, shall, to the extent that any liability is incurred thereby, constitute a first lien or charge upon the mortgaged premises exclusively. The trust company, during such possession, control, and management, shall have full right, power, and authority to operate and control the railroads hereby mortgaged, and to use, occupy, and possess the mortgaged premises generally, according to the rules of good railroad management, and may enter into any and all contracts proper, ordinary, and usual in such cases, and charge the same as a first lien upon the mortgaged premises, and

may issue certificates of indebtedness for liabilities of every kind, which it may be found needful and judicious to incur, which certificates shall constitute a lien upon the premises, prior to the bonds secured hereby; and the trust company generally may do and perform all things in the premises connected with the control and management of the mortgaged property, which the railroad company itself might do and perform, under and by virtue of its powers and franchises, and of the statute laws of the State in which the railroad company is incorporated, had it remained in undisputed possession and control of the premises.

Sixth. — If a receiver of the mortgaged premises shall be appointed under the provisions of this indenture, all the expenses incident to such appointment, including all lawful obligations of the said receiver, and all the expenses of such receivership, as well as all the expenses incident thereto and generally in the execution of this trust, incurred by the trust company, and a reasonable allowance and compensation to the trust company for its services in that behalf, shall constitute a lien upon the mortgaged premises prior to the lien of any of the bonds secured by this indenture. Such receiver shall have power to enter into all contracts and obligations, and do all other things ordinarily incident to good railroad management, in as full and ample a manner as such power would have been possessed by the railroad company had it remained in possession of the mortgaged franchises and premises. The net income of the mortgaged premises shall be applied to the receiver, under the direction of the court, to the payment of interest and principal of the bonds secured hereby.

Seventh. — The right of action under this indenture is vested exclusively in the trust company, party of the second part, trustee, its successor or successors; and under no circumstances shall any individual bondholder, or any number of individual bondholders, have any right to institute an

action or other proceedings, on or under this indenture, for the purpose of enforcing any remedy herein provided, and all actions and proceedings for the purpose of enforcing the provisions of this indenture shall be instituted and conducted by the trust company, its successor or successors, according to their sound discretion, without any interference on the part of any individual bondholder or bondholders, until and unless the holders of at least two-thirds of all the bonds secured hereby shall unite in requesting, in writing, the trust company, its successor or successors, to do or refrain from doing any particular act or acts, or to pursue or refrain from pursuing any particular line of conduct or policy connected with the enforcement of this security; and in case of such request, the trust company, its successor or successors, in the trust hereby created, shall conform its action and policy in regard to the enforcement of the security of this indenture to such request or requests, so far as may lawfully be done: it being hereby expressly provided and declared that the holders of the two-thirds of the bonds secured by this indenture, when acting in concert, shall have the absolute right to control the time, manner, and mode of lawfully enforcing the security created by this indenture.

Eighth. — In case of any sale of the premises embraced in this mortgage, under a decree of any court having jurisdiction thereof, based upon the foreclosure of this mortgage, and in case the holders of two-thirds of the then outstanding bonds secured by this mortgage shall, in writing, request the trust company, as trustee, or its successor or successors, so to do, then the said trust company, or its successor or successors, shall be, in its discretion, authorized to purchase the premises embraced herein, for the use and benefit of the holders of the then outstanding bonds secured by this mortgage; and, having so purchased the said premises, the right and title thereto shall vest in the said trust company, and no bondholder shall have any claim to the premises or to the proceeds thereof, except for his *pro rata* share of the

proceeds of such purchased premises, as represented in a new company or corporation, to be formed for the use and benefit of the holders of the bonds secured thereby; and the said trust company may take such lawful measures as it may deem for the interest of the said bondholders, to organize, or procure the organization of, a new company or corporation, for the benefit of the holders of the bonds secured by this indenture. The said new company or corporation shall be organized upon such terms, conditions, and limitations, and in such manner, as the holders of two-thirds of the said outstanding bonds, secured by this mortgage, shall in writing request or direct; and provision may, if such two-thirds shall so elect, be made in the organization of such new company for the interest of any or all of the holders of junior obligations of the railroad company, and for its stockholders and simple contract creditors; and the trust company so purchasing shall thereupon reconvey the premises so purchased by them to the said new company or corporation.

Ninth. — In case it should become necessary to institute proceedings for the foreclosure and sale of the mortgaged premises, the trust company, party of the second part, its successor or successors, shall aid, promote, and encourage, in all lawful ways, any plan for the foreclosure and reorganization of the mortgaged premises, suggested for the benefit and advantage of the holders of bonds secured thereby, that it may deem most beneficial for such bondholders; and in case of a sale, in pursuance of such proceedings, the same shall be conducted under the general control and management of the trust company, its successor or successors, and the trust company, its successor or successors, shall receive and distribute the proceeds of sale, except as otherwise provided in and by the plan and agreement of foreclosure and reorganization, in pursuance of which such sale may be had, it being understood and agreed that the said trust company, its successor and successors, shall be guided and controlled in all proceedings for the foreclosure and reorganiza-

tion of the mortgaged premises, by the terms and provisions of any scheme of foreclosure and reorganization which shall receive the assent of the holders of two-thirds of the bonds secured by this indenture, and shall be approved by the said trust company..

Tenth. — At any sale of the mortgaged property and franchises, or any part thereof, whether made under the power herein granted, or by judicial authority, the trust company, party of the second part, may, whether requested so to do or not, bid for and purchase the said property so sold, on behalf of the holders of bonds secured by these presents, and at such time outstanding and unpaid, or any of them, in proportion to the respective interests of the several holders of the said bonds.

Eleventh. — The trust company, party of the second part, shall be under no obligation to recognize any person or persons, firm or corporation, as holder or holders, owner or owners, of any of the bonds secured hereby, or to do or refrain from doing any act pursuant to the request or demand of any person or persons, firm or corporation, professing or claiming to be such holder or holders, until such supposed holder or holders shall produce the said bonds, and deposit the same with the trust company, and shall also indemnify and save harmless the trust company, to its full satisfaction, from any and all costs, expenses, outlays, and counsel fees, and other disbursements, for which it may become liable or responsible, on proceeding to carry out such request or demand. Any holder of any of the said bonds may, at any time, notify the trust company that he is such holder; and in such cases it shall be the duty of the trust company, so long as such person remains a holder of the said bonds, in case it is regularly served with process in any suit or other proceeding brought against it, as trustee under this indenture, in any court, to notify such person in writing of the fact, which notice shall be addressed to such bondholder by mail, or otherwise, at his last known place of residence, or at such

place as he may in such notice specify; and the trust company shall thereupon be under no obligation to enter an appearance by counsel, or in any way appear in and defend the said suit or other proceedings, unless indemnified to its satisfaction for so doing by the said bondholders, or some of them, or, by some other person; it being understood, however, that the trust company will not be required to notify any such person in any such case, provided it shall elect to appear in such litigation without requiring such indemnity; and it being further understood, that in no case shall the trust company be compelled to appear in court, or otherwise, by any counsel, except such as may be retained by the said trust company.

Twelfth. — The railroad company hereby covenants and agrees to and with the said trust company, that it will, from time to time, and all times, upon reasonable request, make, execute, acknowledge, and deliver, at its own expense, all such further acts, deeds, conveyances, and assurance in law, for the better assuring unto the said trustee, and its successor or successors in the trust hereby created, upon the trusts and for the purposes herein expressed or intended, all and singular, the franchises, railways, property, real, personal, and mixed, rights and privileges hereby mortgaged or conveyed in trust, or appearing, purporting, or intended so to be, now owned or possessed or vested in the said party of the first part, or that may hereafter be acquired or vested, as aforesaid, in the said railroad company, as by the said trust company shall be reasonably devised, advised, or required.

Thirteenth. — If the railroad company shall well and truly pay the sums of money by the said bonds secured hereby, and the coupons thereto attached, required to be paid by it, and shall well and truly keep and perform all the covenants, agreements, and undertakings herein and hereby assumed, and required to be kept and performed according to the true intent and meaning of these presents, then and

n that case, the estate, right, title, and interest of the said trust company, or its successor or successors, shall cease, determine, and become void.

In testimony whereof, the parties to these presents have caused their respective corporate seals to be affixed, and these presents to be signed and attested by their respective officers, the day and year first above written.

DULUTH AND WINNIPEG RAILROAD CO.,

WM. W. SPAULDING, *President.*

JOHN C. HUNTER, *Secretary.*

Corporate
Seal.

In the presence of —

The word "company" being interlined on the fourth page before signing —

J. D. ENSIGN.

DANIEL E. CASH.

CENTRAL TRUST CO. OF NEW YORK,

H. F. SPAULDING, *President.*

Corporate
Seal.

Attest

C. P. H. BABCOCK, *Secretary.*

In the presence of —

G. SHERMAN.

G. S. ELLIS.

STATE OF MINNESOTA, }
County of St. Louis, } ss.:

Be it remembered that on this twelfth day of May, A.D. one thousand eight hundred and eighty-one, before me, a notary public in and for said county, at my office in said county, personally came William W. Spaulding, President

of the Duluth & Winnipeg Railroad Company, the corporation described in the foregoing instrument as the party of the first part thereto, and is personally well known to me; and he, being by me duly sworn, did depose and say that he is, and at the time of the execution of the said instrument was, the President, and that John C. Hunter is and then was the Secretary of the said company; that he knows the corporate seal of said company, and the seal affixed to the foregoing instrument as such is said corporate seal; that the said seal was so affixed by authority of the Board of Directors of said company, and that he, as President aforesaid, signed, and the said John C. Hunter, as Secretary aforesaid, attested, the said instrument by like authority. And the said William W. Spaulding, President, as aforesaid, acknowledged the execution of said instrument as the act and deed of the said Duluth & Winnipeg Railroad Company, for the uses and purposes therein expressed.

In witness whereof I have hereunto subscribed my name and affixed my official seal at my office, in said County of St. Louis, the day and year aforesaid.

The word "April" was erased and word "May" interlined on first line of acknowledgment before execution.



DANIEL E. CASH,
Notary Public,
County of St. Louis.

STATE OF NEW YORK, }
City and County of New York, } ss.:

Be it remembered, that on the seventh day of June, A.D. one thousand eight hundred and eighty-one, before me, notary public in and for said county, at my office, in said City of New York, personally came Henry F. Spaulding, President of the Central Trust Company of New York, the corporation described in the foregoing instrument as the party of the second part thereto, and who is personally well known to me, and he, being duly sworn by me, did depose and say:

That he is, and at the time of the execution of said instrument was, the President, and Charles H. P. Babcock is and then was the Secretary of the said company; that he knows the corporate seal of said company, and the seal affixed to the foregoing instrument as such is said corporate seal; that the said seal was so affixed by authority of the Board of Directors of said company; and that he, as President aforesaid, signed, and the said Charles H. P. Babcock, as Secretary aforesaid, attested, the said instrument by like authority, and the said Henry F. Spaulding, President, as aforesaid, acknowledged the execution of said instrument as the act and deed of the said Central Trust Company of New York, for the uses and purposes therein expressed.

In witness whereof I have hereunto subscribed my name and affixed my official seal at my office, in the said City of New York, the day and year aforesaid.



M. REUBEN MERCHANT,
Notary Public,
 City and County of New York.

OFFICE OF REGISTER OF DEEDS, } ss.:
 Kitson County, Minn., }

I hereby certify that the within mortgage was filed for record in this office July 22d, 1881, at 5 o'clock P.M., and duly recorded in Book A of mortgages, on pages 125 *et seq.*



W. M. O'KEEFE,
Register of Deeds,
 Kitson Co., Minn.

OFFICE OF REGISTER OF DEEDS, } ss.:
 County of Saint Louis, }

I hereby certify that the within mortgage was filed in this office for record on the 30th day of June, A.D. 1881, at

11 o'clock A.M., and was duly recorded in Book C of mortgages, page 416.

JOS. A. MANNHEIM,
Register of Deeds.

STATE OF MINNESOTA, }
County of Crow Wing, } ss. :

I hereby certify that the within instrument was filed for record in this office on the 9th day of July, A.D. 1881, 10 o'clock A.M., and was duly recorded in Book A of mortgage records, on pages 301 *et seq.*

WM. PAINE,
Register of Deeds.

OFFICE OF REGISTER OF DEEDS, }
Crookston, Polk Co., Minn., } ss. :
July 13th, 1881, at 9 o'clock A.M., }

I hereby certify that the within instrument was filed in this office at this date, and duly recorded in Book D of mortgages, on pages 619 to 632 inclusive.

C. S. SPENDLEY,
Register of Deeds.

OFFICE OF REGISTER OF DEEDS, }
County of Decker, Minn., } ss. :

I hereby certify that the within instrument was filed in this office for record on the 15th day of July, A.D. 1881, at nine o'clock A.M., and was recorded in Book D of mortgages, pages 556 *et seq.*



HANS HANSEN,
Register of Deeds.

OFFICE OF REGISTER OF DEEDS, }
Marshall County, Minn., } ss. :

I hereby certify that the within mortgage was filed in this office for record on the 20th day of July, A.D. 1881, at 1

o'clock P.M., and was duly recorded in Book A of mortgages, on pages 156 to 166 inclusive.



THOMAS R. CRAIG,
Register of Deeds.

STATE OF MINNESOTA, } ss.:
County of Crow Wing, }

I hereby certify that the within instrument was filed for record in this office in the record books of Cass County, on Monday, the 25th day of July, A.D. 1881, at 10 o'clock A.M., and was duly recorded in Book A of Miscellaneous R., on pages 499 to 599 incl. of the records of said Cass Co.

WM. PAINE,
Register of Deeds.

